

# INFORMATION BULLETIN

## WORKFORCE INVESTMENT ACT

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: INTER-LWIA FUND TRANSFERS AND VOLUNTARY DEOBLIGATIONS

This information bulletin provides clarification regarding the transfer of Workforce Investment Act (WIA) funds between Local Workforce Investment Areas (LWIA) and the voluntary deobligation of WIA funds.

The Workforce Investment Division (WID) was asked if a local area could voluntarily transfer funds to another local area for program operations. The WID has determined that the transfer of WIA funds between local areas is not allowable. To arrive at this determination, the WID asked for clarification from the Department of Labor (DOL) regarding WIA fund transfers.

The DOL issued an interpretation of WIA regulations from their legal counsel regarding the distribution of WIA funds, which has specific implications for transfers between local areas. The DOL attorneys stated there are only two ways to distribute funds. These two ways are by formula allocation or recapture/redistribution. This interpretation is based on the fact that since no other distribution methods are explicitly permitted in the statute and/or regulations, then other distribution methods are prohibited. This precludes the transfer of funds between local areas since it is a form of fund redistribution.

The DOL also stated that a local area is prohibited from voluntarily returning formula funds to the State for redistribution. Formula funds are returned to the State at only two times: 1) under-obligated funds at the end of their first year in the local areas are recaptured; and 2) unspent funds at the end of their second year in the local areas are returned to the State. Funds that have been recaptured by the State at the end of the first year will be available for reallocation by the Governor. The WIA regulations state the Governor must reallocate recaptured funds subject to the parameters described in Sections 128(c) and 133(c) of the Act.

The WID recently issued a directive to local areas regarding the recapture and reallocation of under-obligated funds at the end of the first year in the local area. Refer to WIA directive [WIAD01-10](#), Funds Utilization Requirement for WIA Funds, dated February 1, 2002.

The DOL also notes that the WIA regulations allow one local area to serve clients who are not located in its own geographic area (this is the WIA intent although it is not explicitly stated). They also state that WIA Section 195(3) allows local areas to reach agreement with others to share costs for certain purposes. It does not permit the unrestricted transfer of funds between local areas. Any funds spent under the authority of this section must be spent according to the terms of the required agreement, and the relevant local boards must approve the agreement.

Transfers between adult and dislocated worker funding streams within a LWIA are allowable. Up to 20 percent of a LWIA's adult allocation can be transferred to the dislocated worker allocation and vice versa. Refer to WIA directive [WIAD01-17](#), Transfer of Funds--Adult and Dislocated Worker Formula Allocations, dated April 17, 2002.

If you have a question regarding this information bulletin, please contact Dave Rexius, Financial Management Unit, at (916) 654-8502.

/S/ BILL BURKE  
Chief  
Workforce Investment Division